

AVANT

March 2, 2026

Consolidated Financial Statements

Year Ended November 30, 2025

(Audited - Expressed in Canadian Dollars)

Independent auditor's report

To the Shareholders of
Avant Brands Inc.

Opinion

We have audited the consolidated financial statements of **Avant Brands Inc.** and its subsidiaries [the "Group"], which comprise the consolidated statements of financial position as at November 30, 2025 and 2024 and the consolidated statements of loss and comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at November 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 of the consolidated financial statements, which indicates that the Group incurred losses since its inception and has an accumulated deficit of \$97,890,000 as at November 30, 2025. The Group's ability to continue as a going concern depends upon its ability to generate profitable operations or continue to raise adequate financing in the future. There is no assurance that the Group will be able to obtain adequate financing in the future or that such financing will be obtained on terms acceptable to the Group. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.



| Key audit matter | How our audit addressed the key audit matter |
|---|--|
| <p data-bbox="248 464 721 491"><i>Indicators of impairment of long-lived assets</i></p> <p data-bbox="248 518 816 758">As disclosed in note 4 to the consolidated financial statements, the carrying amounts of the Group’s long-lived assets, including property, plant and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.</p> <p data-bbox="248 774 812 1014">Auditing the Group’s assessment of indicators of impairment was complex given the degree of judgement and subjectivity in evaluating management’s estimates and assumptions used in determining the recoverable amount of the Canadian Cannabis CGU. Significant assumptions included average annual revenue growth rate, terminal growth rate, post-tax discount rate.</p> | <p data-bbox="849 518 1412 604">To test the Group’s estimated recoverable amount of the Canadian Cannabis CGU, we performed the following procedures, among others:</p> <ul data-bbox="849 621 1412 1171" style="list-style-type: none"> <li data-bbox="849 621 1412 831">• We involved our valuation specialists to assist in evaluating the appropriateness of management’s valuation approach and methodology, mathematical accuracy of the model and certain significant assumptions such as terminal growth rate and post-tax discount rate. <li data-bbox="849 842 1412 982">• We tested management’s cashflow forecasts, including average revenue growth rate, by comparing them to actual historical performance as well as to current industry and economic trends. <li data-bbox="849 993 1412 1171">• We performed sensitivity analysis on significant assumptions, including revenue growth rates and discount rate to evaluate the changes in the recoverable amount of the Canadian Cannabis CGU that would arise from changes in those assumptions. |

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Other information

Management is responsible for the other information. The other information comprises:

- Management’s Discussion and Analysis for the year ended November 30, 2025

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor’s report. We have nothing to report in this regard.



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely area circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Louisa Lun.

Vancouver, Canada
March 2, 2026

Ernst + Young LLP

Chartered Professional Accountants



AVANT BRANDS INC.**Consolidated Statements of Financial Position**

As at November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

| | Note | November 30, 2025 | November 30, 2024 |
|---|------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$1,485 | \$1,740 |
| Trade and other receivables | 5 | 6,579 | 6,784 |
| Due from related party | 19 | 139 | - |
| Prepaid expenses and deposits | 6 | 412 | 1,009 |
| Biological assets | 7 | 5,635 | 6,655 |
| Inventory | 8 | 6,590 | 10,039 |
| | | 20,840 | 26,227 |
| Property, plant and equipment | 9 | 27,363 | 31,822 |
| Intangible assets | 10 | 1,037 | 1,423 |
| Total assets | | \$49,240 | \$59,472 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable and accrued liabilities | | \$8,002 | \$7,361 |
| Legal provision | 22 | 100 | 1,000 |
| Lease liabilities | 11 | 1,299 | 1,529 |
| Convertible debenture A | 13 | - | 1,665 |
| Secured credit facility | 14 | 1,182 | 1,547 |
| Convertible debenture B | 15 | 1,231 | 1,399 |
| Due to related party | 19 | 1,032 | 468 |
| | | 12,846 | 14,969 |
| Lease liabilities | 11 | 10,106 | 8,667 |
| Secured credit facility | 14 | - | 778 |
| Convertible debenture B | 15 | 1,489 | 2,203 |
| Total liabilities | | \$24,441 | \$26,617 |
| Shareholders' equity | | | |
| Share capital | 16 | 110,910 | 109,804 |
| Contributed surplus | 16 | 11,779 | 11,061 |
| Accumulated deficit | | (97,890) | (88,010) |
| Total shareholders' equity | | 24,799 | 32,855 |
| Total liabilities and shareholders' equity | | \$49,240 | \$59,472 |

Nature and continuance of operations (Note 1)

Commitments and contingencies (Note 22)

Approved on behalf of the Board on March 2, 2026

/s/ Duane Lo, Director

/s/ Derek Sanders, Director

The accompanying notes are an integral part of these Consolidated Financial Statements

AVANT BRANDS INC.**Consolidated Statements of Loss and Comprehensive Loss**

For the years ended November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

| | Note | FY 2025 | FY 2024 |
|---|-------------|-------------------|-------------------|
| Revenue | | \$41,298 | \$39,967 |
| Excise taxes | | (5,403) | (4,164) |
| Net revenue | 18 | 35,895 | 35,803 |
| Cost of sales | | (28,197) | (19,641) |
| Gross profit before fair value changes | | 7,698 | 16,162 |
| Unrealized gain on changes in fair value of biological assets | | 8,116 | 2,611 |
| Change in fair value of biological assets realized through inventory sold | | (11,245) | (20,449) |
| Gross profit (loss) | | 4,569 | (1,676) |
| Operating expenses | | | |
| Administration and general | | 883 | 1,526 |
| Business fees and licenses | | 1,618 | 1,659 |
| Consulting fees | | 829 | 1,148 |
| Brokerage and commission fees | | 1,442 | 171 |
| Depreciation and amortization | 9,10 | 560 | 942 |
| Marketing and advertising | | 270 | 221 |
| Professional fees | | 1,015 | 1,908 |
| Salaries and wages | | 2,993 | 3,168 |
| Share based payments | 17 | 909 | 761 |
| Travel | | 312 | 166 |
| | | 10,831 | 11,670 |
| Net loss from operations | | (6,262) | (13,346) |
| Other income (expense) | | | |
| Financing costs | 11 | (1,093) | (73) |
| Interest and accretion | 12,13,14,15 | (817) | (1,511) |
| Foreign exchange loss | | (10) | (4) |
| Loss on debt modification | | (609) | (559) |
| Loss on construction in progress | 9 | (1,700) | (3,773) |
| Provision for legal expenses | | (212) | (797) |
| Interest on related party loan | | 9 | - |
| Gain on legal settlement | | 276 | - |
| Gain on lease termination | | 2 | - |
| Unrealized gain on derivative liability | | 182 | - |
| Insurance recovery | | 318 | - |
| Other income | | - | 261 |
| Loss on goodwill impairment | 10 | - | (6,024) |
| Realized loss on marketable securities and derivatives | | - | (6) |
| Net loss before income tax | | \$(9,916) | \$(25,832) |
| Current income tax recovery | | 36 | 1,779 |
| Deferred income tax recovery | | - | 1,499 |
| Net loss and comprehensive loss | | \$(9,880) | \$(22,554) |
| Loss per common share | | | |
| Basic and diluted | | \$(0.88) | \$(2.30) |
| Weighted average shares outstanding | | | |
| Basic and diluted | | 11,176,375 | 9,822,045 |

The accompanying notes are an integral part of these Consolidated Financial Statements

AVANT BRANDS INC.**Consolidated Statements of Changes in Equity***For the years ended November 30, 2025 and 2024**(Expressed in Thousands of Canadian Dollars Except Share Amounts)*

| | Shares | Share capital | Contributed Surplus | Deficit | Total |
|---|-------------------|------------------|---------------------|-------------------|-----------------|
| Balance at November 30, 2023 | 8,636,280 | \$104,571 | \$10,670 | \$(65,913) | \$49,328 |
| Net loss for the period | - | - | - | (22,554) | (22,554) |
| Share units released | 192,538 | 615 | (485) | - | 130 |
| Shares issued for services | 104,527 | 342 | (302) | - | 40 |
| Convertible debenture A modification | 545,171 | 1,799 | (515) | 457 | 1,741 |
| Warrants issued on convertible debt A modification | - | - | 32 | - | 32 |
| Conversion feature on debt modification | - | - | 26 | - | 26 |
| Promissory note modification and settlement | 46,239 | 121 | - | - | 121 |
| Shares and warrants issued on private placement | 938,562 | 1,951 | 422 | - | 2,373 |
| Cultivar supply agreement | 113,810 | 180 | - | - | 180 |
| Accounts payable settlement | 53,571 | 225 | - | - | 225 |
| Warrants issued on convertible debenture B | - | - | 226 | - | 226 |
| Conversion feature on convertible debenture B | - | - | 226 | - | 226 |
| Share-based compensation | - | - | 761 | - | 761 |
| Balance at November 30, 2024 | 10,630,698 | \$109,804 | \$11,061 | \$(88,010) | \$32,855 |
| Balance at November 30, 2024 | 10,630,698 | \$109,804 | \$11,061 | \$(88,010) | \$32,855 |
| Net loss for the period | - | - | - | (9,880) | (9,880) |
| Share units released | 175,952 | 270 | (270) | - | - |
| Shares issued for services | 115,638 | 410 | (410) | - | - |
| Convertible debenture A partial debt extinguishment | 210,084 | 149 | - | - | 149 |
| Convertible debenture B modification | - | - | (452) | - | (452) |
| Warrants issued on convertible debenture B modification | - | - | 406 | - | 406 |
| Convertible debenture B conversion feature | - | - | 472 | - | 472 |
| Cultivar supply agreement | - | 33 | - | - | 33 |
| Legal settlements | 275,562 | 244 | 63 | - | 307 |
| Share based compensation | - | - | 909 | - | 909 |
| Balance at November 30, 2025 | 11,407,934 | \$110,910 | \$11,779 | \$(97,890) | \$24,799 |

The accompanying notes are an integral part of these Consolidated Financial Statements

AVANT BRANDS INC.**Consolidated Statements of Cash Flows**

For the years ended November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

| | November 30, 2025 | November 30, 2024 |
|---|-------------------|-------------------|
| Net loss | \$(9,880) | \$(22,554) |
| Adjustments for non-cash items: | | |
| Unrealized gain on changes in fair value of biological assets | (8,116) | (2,611) |
| Change in fair value of biological assets realized through inventory sold | 11,245 | 20,449 |
| Depreciation and amortization | 560 | 4,794 |
| Interest and accretion | 817 | 1,362 |
| Interest on related party loan | (9) | - |
| Loss on debt modification | 609 | - |
| Financing costs | 1,093 | 73 |
| Cultivar supply agreement | 33 | - |
| Share-based payments | 909 | 754 |
| Non-cash disposal of PPE | 4 | - |
| Gain on legal settlement | (276) | - |
| Loss on construction in progress | 1,700 | 3,773 |
| Non-cash lease renewal and reassessment | (20) | - |
| Insurance recovery | (318) | - |
| Provision for legal expenses | 212 | - |
| Unrealized gain/loss on derivative liability | (182) | - |
| Other income | - | 154 |
| Loss on extinguishment of debt | - | 559 |
| Realized loss on marketable securities and derivatives | - | 6 |
| Consulting fees | - | 180 |
| Loss on goodwill impairment | - | 6,024 |
| Deferred income tax recovery | - | (1,499) |
| | (1,619) | 11,464 |
| Changes in working capital | | |
| Trade and other receivables | 523 | (2,937) |
| Prepaid expenses and deposits | 597 | 602 |
| Biological assets | (2,109) | (16,460) |
| Inventory | 7,433 | 11,803 |
| Accounts payable and accrued liabilities | 359 | (3,965) |
| Due to related party | 564 | - |
| Net cash flows generated from operating activities | \$5,748 | \$507 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (33) | (106) |
| Proceeds from legal settlement | 244 | - |
| Disposal of property and equipment | - | 12 |
| Proceeds from sale of marketable securities | - | 16 |
| Net cash flows generated (used in) from investing activities | \$211 | \$(78) |
| Cash flows from financing activities | | |
| Lease liability payments | (1,369) | (1,395) |
| Repayment of secured credit facility | (1,461) | (1,461) |
| Repayment of convertible debenture A | (1,647) | (1,465) |
| Repayment of convertible debenture B | (1,399) | - |
| Loan issued to related party | (131) | - |
| Cash payment for legal settlements | (207) | - |
| Repayment of promissory note | - | (763) |
| Proceeds from private placement | - | 2,373 |
| Proceeds from convertible debenture B | - | 3,850 |
| Debt modification and settlement | - | (600) |
| Net cash flows (used in) generated from financing activities | \$(6,214) | \$539 |
| Increase (decrease) in cash | (255) | 968 |
| Cash – beginning of period | 1,740 | 772 |
| Cash – end of period | \$1,485 | \$1,740 |

The accompanying notes are an integral part of these Consolidated Financial Statements

AVANT BRANDS INC.

Notes to the Consolidated Financial Statements

For the years ended November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

1 Nature and continuance of operations

Avant Brands Inc. (the “**Company**”) is a corporation where the Company’s principal business activity is cultivation, production, marketing and sales of cannabis products and pursuing opportunities in the cannabis industry. The Company was incorporated on September 24, 2012, under the Canada Business Corporations Act and continued under the Business Corporations British Columbia Act effective on July 28, 2017. The Company is a publicly traded company listed on the Toronto Stock Exchange (“**TSX**”) (TSX: AVNT), and trades on the OTCQX Best Markets (OTCQX: AVTBF) and Frankfurt Stock Exchange (FRA: 1BU0). The Company’s head office is located at Suite 910 – 1700 Dickson Avenue, Kelowna, British Columbia, V1Y 0L5.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will be able to continue for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has incurred losses since inception and has an accumulated deficit of \$97,890 as at November 30, 2025, and continues to be funded primarily by the issuance of equity, convertible debentures, and a secured credit facility. The Company’s ability to continue as a going concern depends upon its ability to generate profitable operations or continue to raise adequate financing in the future. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be obtained on terms acceptable to the Company. With no assurance that additional financing will be obtained there is a material uncertainty related to the financial conditions that may cast significant doubt on the Company’s ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classifications of assets and liabilities should the Company be unable to continue as a going concern.

2 Basis of presentation

Statement of compliance and basis of measurement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“**IFRS Accounting Standards**”) as issued by the International Accounting Standards Board (“**IASB**”).

The consolidated financial statements have been prepared on a historical cost basis except for biological assets that are measured at fair value less cost to sell, as detailed by the Company’s accounting policies. The functional and presentation currency of the Company is the Canadian dollar.

These consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors of the Company (the “**Board**”) on March 2, 2026.

AVANT BRANDS INC.

Notes to the Consolidated Financial Statements

For the years ended November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

Basis of consolidation

These consolidated financial statements include the accounts of the Company and the following Canadian subsidiaries:

| Subsidiaries | Geographical Region | Ownership percentage |
|--|---------------------------|----------------------|
| 1203648 B.C. Ltd. ¹ | Kelowna, British Columbia | 100% |
| 3PL Ventures Inc. (“3PL”) | Vernon, British Columbia | 100% |
| Avant Craft Cannabis Inc. (“ACC”) | Edmonton, Alberta | 100% |
| Avant K1 Brands Inc. (“Avant K1”) | Kelowna, British Columbia | 100% |
| GreenTec Bio-Pharmaceuticals Inc. (“GBP”) | Kelowna, British Columbia | 100% |
| GreenTec Holdings Ltd. (“GreenTec”) | Kelowna, British Columbia | 100% |
| GreenTec Retail Ventures Inc. ² | Kelowna, British Columbia | 100% |
| Grey Bruce Farms Incorporated (“Grey Bruce”) | Tiverton, Ontario | 100% |
| Spectre Labs Inc. ³ | Kelowna, British Columbia | 100% |
| The Flowr Group (Okanagan) Inc. (“Flowr Okanagan”) | Kelowna, British Columbia | 100% |
| Tumbleweed Farms Corp. (“Tumbleweed”) | Chase, British Columbia | 100% |

¹ Dissolved April 29, 2024

² Dissolved April 21, 2025

³ Dissolved December 30, 2024

Subsidiaries are entities that the Company controls. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. Power over an investee exists when the Company has existing rights and the ability to direct the activities that significantly affect the investee’s returns. This control is generally evidenced through owning more than 50% of the voting rights or currently exercisable potential voting rights of a company’s share capital. All inter-company balances and transactions, including unrealized profits and losses arising from intra-group transactions, have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The Company operates as a single reportable segment as the chief operating decision maker monitors the business as a whole and makes decisions based on consolidated financial information. Accordingly, no separate segment information is presented in these financial statements.

3 Adoption of new accounting pronouncements

a) New standards and interpretations not yet adopted:

Certain amendments to accounting standards have been published that are not mandatory for the current reporting period and have not been early adopted by the group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

- Presentation and Disclosure in Financial Statements – IFRS 18

b) New and amended standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing December 1, 2024. The amendments listed below did not have any impact on the amounts, presentation,

AVANT BRANDS INC.

Notes to the Consolidated Financial Statements

For the years ended November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

classification or disclosure of amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

Amendments to Classification of Liabilities as Current or Non-current – Amendments to IAS 1

On October 31, 2022, the IASB issued “Non-current Liabilities with Covenants (Amendments to IAS 1)” to improve the consistency of liability classification and clarify the impact of covenants.

Key amendments include:

- Clarification that classification of liabilities is based on rights that exist at the reporting date, regardless of expectations of settlement.
- Introduction of new disclosure requirements regarding covenants attached to non-current liabilities, including the nature of the covenants and when they are due to be tested.

The amendments to IAS 1 had no material impact on the Company’s financial statements as liability classifications and related disclosures were unaffected.

4 Material accounting policies

Trade and other receivables

Policy

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost, less any provisions for impairment. Financial assets measured at amortized cost are assessed for impairment at the end of each reporting period.

Explanatory estimates & judgments

Impairment provisions are estimated using the expected credit loss impairment model where any expected future credit losses are provided for, irrespective of whether a loss event has occurred at the reporting date. Estimates of expected credit losses consider the Company’s collection history and deterioration of collection rates during the average credit period, as well as observable changes in and forecasts of future economic conditions that affect default risk. Where applicable, the carrying amount of a trade receivable is reduced for any expected credit losses using an allowance for doubtful accounts (“AFDA”) provision. Changes in the AFDA provision are recognized in the consolidated statements of loss and comprehensive loss. When the Company determines that no recovery of the amount owing is possible, the amount is deemed unrecoverable, and the financial asset is written off. Refer to Note 5 for further details.

Biological assets

Policy

Biological assets recognized by the Company are cannabis plants that are in the flowering stage but not yet harvested. While the Company’s biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are determined using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. The Company capitalizes all the direct and indirect costs as incurred related to the biological transformation of the biological assets between the point of initial recognition and the point of harvest including labour related costs, grow consumables, depreciation of equipment, utilities, facilities costs, etc. The Company measures biological assets at fair value less cost to sell up to the point of harvest.

Unrealized gains or losses arising from the changes in fair value less cost to sell during the period are separately recorded in the consolidated statements of loss and comprehensive loss for the related period.

Explanatory estimates & judgments

The significant estimates and assumptions used to determine the fair value of the cannabis plants include:

- Estimated stage of growth of the cannabis up to the point of harvest;
- Expected yield by strain of plant; and
- Fair value less cost to sell.

AVANT BRANDS INC.

Notes to the Consolidated Financial Statements

For the years ended November 30, 2025 and 2024

(Expressed in Thousands of Canadian Dollars Except Share Amounts)

As of November 30, 2025, a change of 10% in the estimated yield per plant, stage of growth, and fair value less cost to sell of dry cannabis would result in the variances noted below to the fair value of biological assets.

| Assumption | November 30, 2025 | +/- 10% |
|---------------------------|---|----------------|
| Yield per plant | 58 - 95 grams of flower and 12 - 21 grams of trim per plant | \$564 |
| FV less cost to sell | \$2.75 per gram of flower and \$nil per gram of trim | 570 |
| Estimated stage of growth | 0% - 100% of life cycle per stage | 564 |

On average, the growth cycle is between 14 to 17 weeks and the Company expects the average yield per plant to be between 58 grams to 95 grams of harvested flower and 12 to 21 grams of harvested trim.

The Company's estimates are, by their nature, subject to change and differences from anticipated yield, which will be reflected in the gain or loss on biological assets in future periods.

These inputs are Level 3 on the fair value hierarchy and are subject to volatility in market prices and several uncontrollable factors, such as unexpected production problems, equipment unavailability, inflationary pressures, supply chain disturbances, extreme weather, contractual, labour or community disputes and the unavailability of required skilled labour, which could significantly affect the fair value of biological assets. Refer to Note 7 for further details.

Inventory

Policy

The Company values inventories at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less cost to sell, which becomes the initial deemed cost. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories is determined using the weighted average cost basis.

Explanatory estimates & judgments

In calculating final inventory values, management is required to determine an estimate of spoiled or expired inventory and compares the inventory cost to estimated net realizable value. Cost is determined using the weighted average cost basis. The capitalized cost of inventory includes the capitalization of pre-harvest costs initially capitalized to biological assets prior to transfer to inventory plus post-harvest costs. Any subsequent post-harvest costs such as packaging materials and labour are capitalized to inventory to the extent that cost is less than net realizable value. The costs capitalized include labour, depreciation expense for machinery, right-of-use assets and equipment. These costs are recognized within the cost of goods sold upon the sale of inventory. Refer to Note 8.

Financial instruments

Policy

The Company initially recognizes cash, trade and other receivables, and accounts payable and accrued liabilities on the date they originate. All other financial assets and financial liabilities are initially recognized on the trade date when the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Convertible debentures (Notes 13 and 15) are financial instruments which are accounted for separately dependent on the nature of their components. Convertible debenture A (Note 13) consists of a financial liability and conversion feature classified as equity. Convertible debenture B (Note 15) consists of a financial liability and a conversion feature classified as a derivative liability. The identification of such components embedded within a convertible debenture requires significant judgment given that it is based on the interpretation of the substance of the contractual arrangement. The determination of the fair value is also an area of significant judgment given that it is subject to various inputs, assumptions and estimates including contractual future cash flows, discount rates, credit spreads and volatility. For convertible debenture A (Note 13), the residual amount consists of the conversion feature

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which is accounted for as equity instruments at issuance. For convertible debenture B (Note 15), the conversion feature is measured at fair value using Black-Scholes model and an expected value approach for the tiered conversion prices. Upon expiration of the tiered conversion prices, the conversion feature reverted to an equity instrument measured at fair value using the Black-Scholes model. The residual value is allocated to the warrants.

Secured credit facility (Note 14) is a debt instrument with detachable share purchase warrants, which consist of a financial liability and equity instrument based on the terms of the agreement. The financial liability arises if the facility requires repayment of a certain financial amount, which is then amortized based on an effective interest rate. The liability is measured subsequently at amortized cost. The equity component arises if a separate instrument is issued with the financial liability and includes some terms for settlement in the Company's own equity components, which require exchanging a fixed number of the Company's own equity instruments for a fixed amount of cash or another financial asset. If so, the Company allocates the difference between the consideration received and the liability component recognized to the equity components. The equity component is not subsequently remeasured. Transaction costs are attributable to both instruments and are allocated proportionally to proceeds from each component.

The Company measures financial instruments by grouping them into classes upon initial recognition, based on the purpose of the individual instruments. The Company initially measures all financial instruments at fair value plus, in the case of financial instruments not classified as Fair Value through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to the acquisition or issuance of the financial instruments. The classifications and methods of measurement subsequent to initial recognition of the Company's financial assets and financial liabilities are shown in Note 20.

Property, plant and equipment

Policy

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The Company uses the following depreciation rates for its property, plant and equipment:

| Type | Useful life | Depreciation method |
|----------------------------------|---------------------------------|---------------------|
| Buildings | 20 years | Straight line |
| Computer equipment | 2 years | Straight line |
| Computer software | 2 years | Straight line |
| Office equipment | 5 years | Straight line |
| Vehicles | 8 years | Straight line |
| Leasehold improvements | Lesser of lease term or 5 years | Straight line |
| Growing and processing equipment | 5-8 years | Straight line |

Costs of assets in the course of construction are capitalized as construction in progress. On completion, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences when the asset is available for its intended use.

An asset's residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers both external and internal indicators when assessing whether the value of property, plant and equipment is impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units, "CGU").

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Explanatory estimates & judgments

Depreciation of property, plant and equipment are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that consider factors such as economic and market conditions and the useful lives of assets. Refer to Note 9.

Company performed an impairment test using a discounted cashflow model to estimate the recoverable amount using the key assumptions below.

As a result of the test, no impairment was recognized for the Canadian Cannabis CGU.

| 2025 | Key assumption |
|--|----------------|
| Average Annual Revenue growth rate (%) | 2.39% |
| Terminal growth rate (%) | 2.00% |
| Post-tax discount rate (%) | 20.00% |

Management has determined the values assigned to each of the above key assumptions as follows:

| Assumption | Approach used to determine assumption |
|------------------------------------|--|
| Average Annual Revenue growth rate | Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development |
| Terminal growth rate | This is the terminal growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports. |
| Post-tax discount rates | The post-tax discount rate is reflective of the CGUs Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium, and after-tax cost of debt based on corporate bond yields |

Goodwill

Policy

In certain situations, goodwill or a bargain purchase gain may result from a business combination. Goodwill is measured as the excess of the consideration transferred over the net amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment.

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Initial allocation and possible reallocation of goodwill to a CGU or a group of CGUs requires judgment. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Impairment is determined for goodwill by assessing if the carrying value of a CGU, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a CGU are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGU on a pro rata basis, based on the carrying amount of each asset in the CGU. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment loss on goodwill is not subsequently reversed. Refer to Note 10.

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Intangible assets

Policy

Intangible assets consist of licenses acquired by the Company. Acquired licenses are carried at cost less accumulated amortization and impairment.

Estimated useful lives of intangible assets are the shorter of the economic life and the period the right is legally enforceable. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The definite life intangible assets are amortized on a straight-line basis.

At the end of each reporting period, the carrying amounts of the Company's long-lived assets, including property, plant and equipment and intangible assets, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Any impairment of intangible assets is recognized in the consolidated statements of loss and comprehensive loss.

Explanatory estimates & judgments

The Company uses estimates in determining the useful life and residual values of its definite life intangible assets. The Company considers both external and internal indicators when assessing whether the value of definite life intangible assets is impaired. Refer to Note 10.

Lease liabilities

Policy

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease is recognized as a right of use asset and corresponding lease liability at the commencement date. Each lease payment included in the lease liability is apportioned between the repayment of the liability and a finance cost. The finance cost is recognized in "financing costs" in the consolidated statements of loss and comprehensive loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Lease liabilities represent the net present value of fixed lease payments (including in-substance fixed payments); variable lease payments based on an index, rate, or subject to a fair market value renewal condition; amounts expected to be payable by the Company under residual value guarantees; the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if it is probable that the lessee will exercise that option.

The Company's lease liability is recognized net of lease incentives receivable. The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be determined, the lessee's incremental borrowing rate. The period over which the lease payments are discounted is the expected lease term, including renewal and termination options that the Company is reasonably certain to exercise.

Subsequently, if there is a change to the expected lease term within the control of the lessee, the lease liability will be remeasured using the updated term and revised discount rate on a prospective basis.

Revenue recognition

Policy

The Company's revenue is comprised of sales of its product line which consists of cannabis and related products.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. The Company recognizes revenues on product sales when the performance obligations relating to the sale of its products are satisfied. The performance obligations are satisfied at a point in time when the customer obtains control of the product, generally on delivery of the product to the customer.

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Bill and Hold: Under bill-and-hold arrangements, whereby the Company bills a customer for product to be delivered at a later date, control typically transfers when the product is still in the Company's physical possession, and title and risk of loss has passed to the customer. Revenue is recognized when all specific requirements for transfer of control under a bill-and-hold arrangement have been met, including: the reason for the arrangement is substantive, the product is identified separately as belonging to the customer, the product currently is ready for physical transfer to the customer and the Company does not have the ability to use the product or direct it to another customer.

Excise Taxes: Excise taxes are a production tax which becomes payable when a cannabis product is delivered to the customer and are not directly related to the value of sales. Excise taxes are netted against gross revenues.

Explanatory estimates & judgments

The Company uses estimates relating to the right of returns to create a basis for provision for sales returns and allowances in recognizing revenue. As such, judgment is required in estimating the amount of returns and the amount not included in the transaction price. The Company estimates these returns using historical return rates.

Business combinations

Policy

Acquisitions of businesses are accounted for using the acquisition method. At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except deferred tax assets or liabilities, which are recognized and measured in accordance with IAS 12 – Income Taxes. Subsequent changes in fair values are adjusted against the cost of acquisition if they qualify as measurement period adjustments. The measurement period is the period between the date of the acquisition and the date where all significant information necessary to determine the fair values is available and cannot exceed 12 months. All other subsequent changes are recognized in the consolidated statements of loss and comprehensive loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Explanatory estimates & judgments

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition.

Judgment exists when determining who the acquirer is. The purchase price allocation process resulting from a business combination requires management to estimate the fair value of identifiable assets acquired, including intangible assets and liabilities assumed and including any contingently payable purchase price obligation due over time. The Company uses valuation techniques, which are generally based on forecasted future net cash flows discounted to present value. These valuations are closely linked to the assumptions used by management on the future performance of the related assets and the discount rates applied. The determination of fair value involves making estimates relating to acquired intangible assets, property, plant and equipment and contingent consideration.

Management determines whether assets acquired and liabilities assumed constitute a business. A business consists of inputs and processes applied to those inputs that can create outputs. Acquisition related costs are recognized in the consolidated statements of comprehensive loss as incurred.

Share based compensation

Policy

Share-based compensation benefits are provided to employees under the Company's stock option, restricted stock unit ("RSU") and deferred stock unit ("DSU") plans. The fair value of stock options granted are recognized as share-based compensation expense with a corresponding increase in equity. The total amount expensed is determined based on the inputs discussed below.

The total expense is recognized over the vesting period, which is the period over which all specified vesting conditions are satisfied. At the end of each reporting period, the Company revises its estimates of the number of options expected to vest based on non-

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market vesting and service conditions. Any impact of the revision to original estimates, will result in a corresponding adjustment to equity through profit and loss.

Explanatory estimates & judgments

The fair value of options granted is determined based on the following inputs:

- Company's share price at grant date
- Exercise price
- Expected volatility
- Expected life
- Forfeiture rate
- Risk-free interest rate

Judgment is involved in analyzing the impact of non-vesting conditions such as requirements for employees to hold shares. Assumptions on the forfeiture rate at the time of grant are also subject to management estimates.

Income tax

Policy

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of loss and comprehensive loss except to the extent that it related to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated statement of financial position. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Explanatory estimates & judgments

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions and carried forward tax losses against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

Related party transactions

Policy

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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Operating segments

Policy

An operating segment is a component of the Company for which discrete financial information is available and whose operating results are regularly reviewed by the Company's chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance, and that engages in business activities from which it may earn revenue and incur expenses. The Company has only one operating segment.

5 Trade and other receivables

As of November 30, 2025, and 2024, trade receivables consisted of:

| | November 30, 2025 | November 30, 2024 |
|---------------------------|-------------------|-------------------|
| Trade accounts receivable | \$6,155 | \$6,746 |
| Other receivables | 424 | 38 |
| Total | \$6,579 | \$6,784 |

As of November 30, 2025, and 2024 the Company performed an analysis over its aged receivables balance by customer. The balance by customer review showed a history of collections from trade and other receivables being reasonably assured. From the review, the Company noted that no further allowance is required, and the Company recognized a \$nil provision for AFDA as at November 30, 2025 (November 30, 2024: \$nil).

6 Prepaid expenses and deposits

As of November 30, 2025, and 2024, prepaid expenses and deposits consisted of:

| | November 30, 2025 | November 30, 2024 |
|--------------------------------|-------------------|-------------------|
| Packaging material prepayments | \$- | \$90 |
| Deposits and other | 412 | 919 |
| Total | \$412 | \$1,009 |

7 Biological assets

The changes in the carrying value of biological assets for the year ended November 30, 2025, and 2024 are as follows:

| | November 30, 2025 | November 30, 2024 |
|---|-------------------|-------------------|
| Carrying amount, opening | \$6,655 | \$8,033 |
| Production costs | 19,801 | 18,263 |
| Changes in fair value less costs to sell due to biological transformation | 8,116 | 2,659 |
| Transferred to inventory upon harvest | (28,937) | (22,300) |
| Total | \$5,635 | \$6,655 |

As at November 30, 2025, it is estimated that the Company's biological assets will yield approximately 2,047 kilograms of flower (November 30, 2024: 2,239 kilograms) and 421 kilograms of trim when harvested (November 30, 2024: 552 kilograms). The Company's biological assets yielded 12,316 kilograms of cannabis for the year ended November 30, 2025 (November 30, 2024: 12,643 kilograms).

As at November 30, 2025, the Company has determined the average fair value less cost to sell to be \$2.75 per gram of flower (November 30, 2024: \$2.97) and \$nil per gram of trim (November 30, 2024: \$nil).

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8 Inventory

The Company's inventories are comprised of the following balances as at November 30, 2025 and 2024:

| | November 30, 2025 | November 30, 2024 |
|-------------------------|-------------------|-------------------|
| Dry cannabis | | |
| Available for packaging | \$5,990 | \$8,439 |
| Packaged inventory | 600 | 1,286 |
| Packaging materials | - | 314 |
| Total | \$6,590 | \$10,039 |

As at November 30, 2025, the Company holds 3,066,854 grams of harvested cannabis (November 30, 2024: 3,807,500 grams), which is comprised of 2,494,656 grams of harvested flower and 572,198 grams of harvested trim (November 30, 2024: 2,845,385 grams of harvested flower and 962,115 grams of harvested trim). The Company recognized \$28,197 as inventory expense relating to cannabis sold during the year ended November 30, 2025 (November 30, 2024: \$19,641).

During the year ended November 30, 2025, the Company capitalized \$24,135 of costs (November 30, 2024: \$23,698) to inventory.

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9 Property, plant and equipment

| | Land | Buildings | Construction in process | Growing and processing equipment | Right-of-use assets | Leasehold Improvements | Other | Total |
|------------------------------------|----------------|------------------|-------------------------|----------------------------------|---------------------|------------------------|----------------|-------------------|
| Cost | | | | | | | | |
| Balance – November 30, 2023 | \$1,348 | \$9,300 | \$6,984 | \$13,281 | \$11,570 | \$7,962 | \$345 | \$50,790 |
| Additions | - | - | 1 | 70 | 1 | - | 35 | 107 |
| Disposals | - | - | - | (9) | - | - | (3) | (12) |
| Impairment | - | - | (3,773) | - | - | - | - | (3,773) |
| Lease modification | - | - | - | - | 381 | - | - | 381 |
| Balance – November 30, 2024 | \$1,348 | \$9,300 | \$3,212 | \$13,342 | \$11,952 | \$7,962 | \$377 | \$47,493 |
| Additions | - | - | - | 14 | 616 | - | 19 | 649 |
| Disposals | - | - | (4) | (1,651) | (18) | (1,141) | - | (2,814) |
| Transfer | - | - | - | 27 | - | - | (27) | - |
| Lease modification | - | - | - | - | 986 | - | - | 986 |
| Impairment | - | - | (1,700) | - | - | - | - | (1,700) |
| Balance – November 30, 2025 | \$1,348 | \$9,300 | \$1,508 | \$11,732 | \$13,536 | \$6,821 | \$369 | \$44,614 |
| Accumulated depreciation | | | | | | | | |
| Balance – November 30, 2023 | \$- | \$(2,451) | \$- | \$(3,540) | \$(2,011) | \$(3,217) | \$(287) | \$(11,506) |
| Additions | - | (458) | - | (1,511) | (767) | (1,374) | (55) | (4,165) |
| Disposals | - | - | - | - | - | - | - | - |
| Balance – November 30, 2024 | \$- | \$(2,909) | \$- | \$(5,051) | \$(2,778) | \$(4,591) | \$(342) | \$(15,671) |
| Additions | - | (462) | - | (1,472) | (866) | (1,347) | (10) | (4,157) |
| Disposals | - | - | - | 1,436 | - | 1,141 | - | 2,577 |
| Balance – November 30, 2025 | \$- | \$(3,371) | \$- | \$(5,087) | \$(3,644) | \$(4,797) | \$(352) | \$(17,251) |
| Net book value | | | | | | | | |
| Balance - November 30, 2024 | \$1,348 | \$6,391 | \$3,212 | \$8,291 | \$9,174 | \$3,371 | \$35 | \$31,822 |
| Balance - November 30, 2025 | \$1,348 | \$5,929 | \$1,508 | \$6,645 | \$9,892 | \$2,024 | \$17 | \$27,363 |

During the year ended November 30, 2025, the Company allocated \$3,990 (November 30, 2024: \$3,947) of depreciation expense to cost of inventory.

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During the year ended November 30, 2024, indicators of impairment for construction in progress were identified due to delays in construction relating to the GBP facility. The construction in progress was impaired \$3,773, measured as the excess of the asset's carrying amount over its recoverable amount based on fair value less costs to sell of \$3,212 as of November 30, 2024. The impairment is classified as "Loss on construction in progress" on the consolidated statement of loss and comprehensive loss. The fair value less costs to sell of the construction in progress was determined by a third party appraiser using level 3 inputs based on the direct comparison approach. Significant assumptions included a completed estimate value of \$350 per square foot with deductions for an estimated completion allowance of \$52 per square foot and opportunity cost allowance of 20%.

During the year ended November 30, 2025, indicators of impairment for construction in progress were identified due to damage that occurred at the GBP facility. The construction in progress was impaired \$1,700 measured as the excess of the asset's carrying amount over its recoverable amount based on fair value less costs to sell of \$1,508 as of November 30, 2025. The impairment is classified as "Loss on construction in progress" on the consolidated statement of loss and comprehensive loss. The fair value less costs to sell of the construction in progress was determined by a replacement value approach using level 3 inputs. Third party quotes on the fair value of damaged sections were used to determine the replacement value.

During the year ended November 30, 2025, the Company disposed of certain assets related to the ACC facility in a non-cash settlement of a lawsuit. Refer to Note 22.

10 Intangible assets and goodwill

The Company's intangible assets consist of licenses to sell cannabis and have definite lives. The Company completes an annual assessment of the recoverable amount of the goodwill.

| | Intangible asset | Goodwill | Total |
|--|------------------|------------------|------------------|
| Cost | | | |
| Balance – November 30, 2023 | \$5,589 | \$6,024 | \$11,613 |
| Balance – November 30, 2024 | 5,589 | 6,024 | 11,613 |
| Disposal | (3,202) | - | (3,202) |
| Balance – November 30, 2025 | \$2,387 | \$6,024 | \$8,411 |
| Accumulated amortization and impairment | | | |
| Balance – November 30, 2023 | \$(3,534) | - | \$(3,534) |
| Amortization | (632) | - | (632) |
| Impairment | - | (6,024) | (6,024) |
| Balance – November 30, 2024 | (4,166) | (6,024) | (10,190) |
| Amortization | (386) | - | (386) |
| Disposal | 3,202 | - | 3,202 |
| Balance – November 30, 2025 | \$(1,350) | \$(6,024) | \$(7,374) |
| Net book value | | | |
| Balance – November 30, 2024 | \$1,423 | - | \$1,423 |
| Balance – November 30, 2025 | \$1,037 | - | \$1,037 |

As at November 30, 2024 the Company completed an annual impairment test of goodwill as required by IFRS. As a result of the impairment test performed as of November 30, 2024, management concluded that the carrying value was higher than the recoverable amount and recorded an impairment loss of \$6,024 relating to goodwill balance due to lower price per gram driving lower profitability. The cash generating unit is Canadian Cannabis CGU which represents the Company's operations for the cultivation and sale of cannabis products. The recoverable amount was determined under fair value less costs to sell. The impairment is classified as "Loss on goodwill impairment" on the consolidated statement of loss and comprehensive loss. The fair value less costs to sell was determined using level 3 inputs involving forecasted free cash flows. Significant assumptions included an average revenue growth rate of (1.54)%, terminal growth of 2% and a 20% discount rate. During the

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year ended November 30, 2025, the Company disposed of certain assets related to the ACC facility in a non-cash settlement of a lawsuit. Refer to Note 22.

11 Lease liabilities

The following is the continuity of lease liability:

| | |
|-------------------------------------|-----------------|
| Balance – November 30, 2023 | \$10,044 |
| Lease modification | 536 |
| Lease payments | (1,395) |
| Interest expense on lease liability | 1,011 |
| Balance – November 30, 2024 | \$10,196 |
| Lease modification | 937 |
| Lease additions | 616 |
| Lease termination | (21) |
| Lease payments | (1,386) |
| Interest expense on lease liability | 1,063 |
| Balance – November 30, 2025 | \$11,405 |
| Current portion | \$1,299 |
| Long-term portion | \$10,106 |

For a breakdown of future lease payments, refer to Note 20.

During the year ended November 30, 2025, the Company terminated its lease agreement for GreenTec and entered into a new lease agreement. The Company also modified its lease agreements for Flowr Okanagan and terminated its lease for ACC in relation to the non-cash settlement of a lawsuit. Refer to Note 22.

12 Promissory note

The following is the continuity of the promissory note:

| | |
|------------------------------------|------------|
| Balance – November 30, 2023 | \$727 |
| Principal and interest payments | (763) |
| Interest and accretion | 36 |
| Extinguished debt | (425) |
| New debt | 425 |
| Balance – November 30, 2024 | \$- |
| Balance – November 30, 2025 | \$- |
| Current portion | \$- |
| Long-term portion | \$- |

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On February 23, 2024, the Company renegotiated promissory note and entered into the Extension Agreement. The lenders agreed to the following terms:

- Lenders agreed that the promissory note due for repayment on January 12, 2024, was to be extended until July 12, 2024.
- As consideration for entering into the Extension Agreement, the Company:
 - i) issued 22,430 common shares at \$3.30 per share to the lenders with a fair value of \$74, and
 - ii) agreed that on July 12, 2024, or as soon as practicable thereafter, subject to certain conditions, the Company will deliver such number of common shares equal to the \$1,500 divided by the five-day volume weighted average price (the “VWAP”) of the common shares on the TSX.

As a result of the Extension Agreement, the promissory note was substantially modified, and therefore, the original liability was extinguished and the new liability for the promissory note was recognized. Additionally, the Company incurred \$65 of legal fees directly attributable to the Extension Agreement and included into loss on debt modification. As a result of modification, the Company recognized \$189 of loss on extinguishment of debt. As at November 30, 2024, the promissory note of \$48 was fully settled by the issuance of 23,810 common shares at \$1.89 per share as per the terms of the Extension Agreement, resulting in a gain on settlement of \$3.

13 Convertible debenture A

The following is the continuity of convertible debenture A:

| | |
|--|------------|
| Liability component carrying value, November 30, 2023 | \$4,658 |
| Principal and interest payments | (1,465) |
| Interest and accretion | 604 |
| Extinguished debt | (5,442) |
| New debt | 3,310 |
| Liability component carrying value, November 30, 2024 | \$1,665 |
| Principal and interest payments | (1,796) |
| Interest and accretion | 131 |
| Liability component carrying value, November 30, 2025 | \$- |
| Equity conversion feature, November 30, 2023 | \$515 |
| Debt modification - Reclassification | (515) |
| Equity conversion feature carrying value, November 30, 2024 | \$- |
| Equity conversion feature carrying value, November 30, 2025 | \$- |
| Liability component current portion | \$- |
| Liability component long-term portion | \$- |

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On February 23, 2024, the Creditor agreed to the following terms:

- a) The Creditor accepted equity towards principal of the convertible debenture.
- b) As consideration for entering into the Debt Settlement Agreement, the Company:
 - i) issued 545,171 common shares at \$3.30 per share with a fair value of \$1,799 to the Creditors;
 - ii) granted 45,833 common share purchase warrants with a fair value of \$32 to the Creditors (see Note 16). Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$7.50 per share. Warrants expire on February 26, 2026, subject to acceleration by the Company in the event that the 20-day VWAP of the common shares on the TSX exceeds \$25.50; and
 - iii) granted Creditor the right to appoint a person as an observer to the Board.
- c) Under the terms of the Debt Settlement Agreement, the maturity date of the debenture was extended to October 29, 2025, with monthly amortized payments of approximately \$150. The amended note shall bear an interest rate of 15% per annum.

As a result of the Debt Settlement Agreement, the convertible debenture was exchanged for a modified convertible debenture and equity instruments (common shares and warrants). A portion of the loan was extinguished, and the remaining debt was substantially modified. Therefore, the original liability was extinguished and the new liability for the convertible debenture was recognized. Additionally, the amendment resulted in the warrants being fair valued and classified as equity. The conversion feature was classified as equity and allocated value using the residual value model. The conversion feature and warrants are classified as equity and are not subsequently remeasured.

Additionally, the Company incurred \$103 of legal fees directly attributable to the Debt Settlement Agreement and included into loss on debt modification. As a result of modification, the Company recognized \$370 of loss on extinguishment of debt.

On June 3, 2024, as a result of non-brokered private placement (Note 16), the Creditor accepted 235,294 units towards \$600 of principal of convertible debenture A.

On May 26, 2025, the Company entered into an agreement to exchange 210,084 shares at \$0.71 per share of the Company's stock in lieu of a cash payment consisting of interest and principal. The fair value of the shares was determined to be \$0.71 due to a discount on time restricted lack of marketability with no gain or loss recognized.

14 Secured credit facility

On July 14, 2023, the Company completed the closing of a \$3,500 credit facility (the "**Credit Facility**"), which was secured by the property of the Company's non-operational and non-licensed property, GBP. The Credit Facility bears an annual interest rate of 15%, adjusted by changes to the Prime rate and fixed at the time of funding of each advance. Advances are minimal drawdowns of \$500, with a condition that the Company completes a minimum draw-down of \$500 before July 31, 2023. Each advance is for a term of 36 months with monthly payments of principal and interest. Additionally, the Company shall pay a quarterly unused fee in the amount equal to an interest rate of 0.50% per quarter on the average daily unused portion of the Credit Facility. As at November 30, 2024, the Company has drawn \$3,500 of the Credit Facility.

In connection with the Credit Facility, the Company issued 1,750,000 warrants to the lenders. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$0.30. Warrants have the following vesting conditions: 1/7 of the warrants vest on each credit facility draw of \$500 and will expire on July 14, 2026.

The Credit Facility and warrants are separate financial instruments, where the Credit Facility meets the definition of a financial liability and warrants meet the definition of an equity instrument. The Company bifurcated the Credit Facility proceeds using a discounted cash flow model and recognized a financial liability of \$3,414, representing the fair value of the liability component discounted at a market interest rate of 17%, which was the estimated rate for the loan without the warrants. The residual of the principal less the financial liability component was allocated to the warrants, resulting in an allocation of \$86 to the warrants (equity instrument). Warrants are not subsequently remeasured. The company incurred \$89 of transaction costs directly attributable to the issuance of financial liability and equity instruments, \$87 and \$2, respectively. Transaction costs were allocated to the financial liability and equity instrument in proportion to the allocation of overall proceeds.

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The following is a continuity schedule for the secured credit facility, for the year ended November 30, 2025:

| | |
|--|----------------|
| Secured facility financial liability, November 30, 2023 | \$3,273 |
| Principal and interest payments | (1,461) |
| Interest and accretion | 513 |
| Secured facility financial liability, November 30, 2024 | \$2,325 |
| Principal and interest payments | (1,461) |
| Interest and accretion | 318 |
| Secured facility financial liability, November 30, 2025 | \$1,182 |
| Warrants - equity instrument, November 30, 2023 | \$84 |
| Warrants - equity instrument, November 30, 2024 | \$84 |
| Warrants - equity instrument, November 30, 2025 | \$84 |
| Secured facility current portion | \$1,182 |
| Secured facility long-term portion | \$- |

15 Convertible debenture B

The following is the continuity of convertible debenture B:

| | |
|--|----------------|
| Liability component carrying value, November 30, 2023 | \$- |
| New debt | 3,398 |
| Interest and accretion | 204 |
| Liability component carrying value, November 30, 2024 | \$3,602 |
| Principal and interest payments | (1,399) |
| Interest and accretion | 517 |
| Liability component carrying value, November 30, 2025 | \$2,720 |
| Derivative liability conversion option, November 30, 2024 | \$- |
| Debt modification – Recognition of derivative liability | 654 |
| Unrealized gain on derivative liability | (182) |
| Reclassification to equity conversion option | (472) |
| Derivative liability conversion option, November 30, 2025 | \$- |
| Equity conversion option, November 30, 2024 | \$226 |
| Debt modification – Derecognition of equity conversion option | (226) |
| Reclassification to equity conversion option | 472 |
| Equity conversion option, November 30, 2025 | \$472 |
| Liability component current portion | \$1,231 |
| Liability component long-term portion | \$1,489 |

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On July 26, 2024, the company issued convertible debentures in exchange for gross proceeds of \$3,900 under the following terms: (i) a maturity date of July 26, 2028; (ii) an interest rate of 10% per annum, payable quarterly (first payment starting December 2024 with the final payment on maturity); (iii) issue 1,300,000 warrants exercisable at \$3 per share until maturity of the debt instrument and (iv) debt is convertible at \$3 per share. The lender shall have the right, at its option at any time and from time to time during which the principal sum remains outstanding under this debenture, to convert the whole or any part of the outstanding sum at the conversion price of \$3 per share, provided such principal sum is not less than \$25. The Company incurred \$50 of transaction costs directly attributable to the convertible debenture issuance. (viii) The Company issued warrants and recognized a conversion feature relating to convertible debenture B valued at \$226 each. The warrants were valued using the fair value method. The residual value after valuing the debt and warrants was then allocated to the equity conversion feature. The conversion feature and warrants are classified as equity and are not subsequently remeasured.

On May 31, 2025, shareholders approved that the Company entered into a repricing agreement under the following terms:

- i) The exercise price of the warrants was reduced from \$3 to \$1.75
- ii) The conversion price of the convertible debt was amended from a fixed price of \$3 to a tiered conversion structure based on the following tiers:
 - Tier 1- Conversion price of \$1.25 up to August 31, 2025
 - Tier 2 - Conversion price of \$1.50 up to November 30, 2025
 - Tier 3 - Conversion price of \$1.75 till maturity of convertible debenture B
- iii) The lender retains the right to lock in any of the tiered conversion prices listed above in the event that more than 50% of the principal amount of the debt portion is converted.

On initial measurement, the Company assessed that the repricing agreement was an inducement to convert and substantially modified the terms of the convertible debenture resulting in the extinguishment of the existing instrument and recognition of a new financial instrument. The modification included recognition of a new conversion feature as a derivative liability and remeasurement of the warrants. The difference in assessed fair value of the new instrument and old instrument resulted in a loss of \$609.

The initial fair value of the repriced conversion feature was calculated using a Black-Scholes option pricing model and an expected value approach for the tiered conversion prices, based on management's estimate of probability-weighted outcomes. Fair value of Tier 1 was determined to be \$1,083 with fair value inputs of an exercise price of \$1.25, measurement date price of \$0.82, volatility of 86.65%, risk-free rate of 2.64% and an expected life of 3.17 years. Fair value of Tier 2 was determined to be \$724 with fair value inputs of an exercise price of \$1.50, measurement date price of \$0.82, volatility of 86.65%, risk-free rate of 2.64% and an expected life of 2.92 years. Fair value of Tier 3 was determined to be \$488 with fair value inputs of an exercise price of \$1.75, measurement date price of \$0.82, volatility of 86.65%, risk-free rate of 2.64% and an expected life of 2.67 years. Management assessed the estimate of probability for Tier 1 conversion to be 20%, Tier 2 conversion to be 20% and Tier 3 conversion to be 60%. The fair value of the repriced conversion feature was determined to be \$654.

The initial fair value of the warrants was calculated using a Black-Scholes option pricing model. Fair value was determined to be \$406 with fair value inputs of an exercise price of \$1.75, measurement date price of \$0.82, volatility of 86.65%, risk-free rate of 2.64% and an expected life of 3.17 years.

As of November 30, 2025, the conversion feature was revalued using a Black-Scholes option pricing model. Fair value of Tier 3 was determined to be \$472 with fair value inputs of an exercise price of \$1.75, measurement date price of \$0.80, volatility of 87.29%, risk-free rate of 2.39% and an expected life of 2.67 years. The fair value of the repriced conversion feature was determined to be \$472, resulting in an unrealized gain of \$63. Following the expiration of the tiered conversion structure, the conversion feature now has a single fixed price of \$1.75. This results in the feature qualifying for equity classification and being reclassified from derivative liability to equity (Refer to Note 16).

16 Share capital

The Company has an unlimited number of common shares without par value authorized for issuance. The Company also has an unlimited number of preference shares without par value authorized for issuance.

On August 30, 2024, the Company executed a 1 for 30 reverse stock split of all outstanding warrants, options and other convertible securities ("**Reverse Stock Split**"). As a result of the reverse split, the total number of issued and outstanding shares decreased from 316,342,373 to 10,544,741. All references to share and per-share information, warrants, stock options, RSUs, and DSUs in these financial statements have been adjusted to reflect the effects of the Reverse Stock Split. The

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number of common shares without par value and number preference shares without par value authorized for issuance has remained the same. No fractional shares were issued and all fractional balances were rounded.

(a) Issued shares

During the year ended November 30, 2025:

- (i) The Company issued 115,638 common shares to service providers in connection with services received, resulting in a decrease to contributed surplus of \$410 and an increase in share capital of \$410.
- (ii) The Company issued 175,952 common shares in connection with employment compensation agreements and share units released, resulting in a decrease to contributed surplus of \$270 and an increase in share capital of \$270.
- (iii) The Company issued 210,084 common shares to partially extinguished convertible debenture A, resulting in an increase in share capital of \$149 (Note 13).
- (iv) The Company issued 275,562 common shares and 125,000 warrants for legal settlements, resulting in an increase in share capital of \$244 and contributed surplus of \$63 (Note 22).
- (v) Previously, the Company entered into a cultivar supply agreement. Under the agreement, the Company issued 150,000 common shares to be held in escrow. As of November 30, 2025, all shares in escrow have been released resulting in an increase in share capital of \$33. The shares issued are accounted for as equity-settled share-based payments with non-employees under IFRS 2.
- (vi) The Company entered into a repricing agreement for Convertible Debenture B resulting in a decrease to contributed surplus of \$452 and an increase of \$406 for warrants issued. As of November 30, 2025, the conversion feature meets the criteria for equity recognition resulting in an increase to contributed surplus of \$472 (Note 15).

During the year ended November 30, 2024:

- (i) The Company issued 104,527 common shares to service providers in connection with services received, resulting in a decrease to contributed surplus of \$302 and an increase in share capital of \$342.
- (ii) The Company issued 192,538 common shares in connection with employment compensation agreements and share units released, resulting in a decrease to contributed surplus of \$485 and an increase in share capital of \$615.
- (iii) The Company issued 53,571 common shares with a fair value of \$225 to one of its officers to settle bonus payable (Note 19).
- (iv) The Company issued 46,239 common shares valued at \$121 in connection with the renegotiation and settlement of the promissory note (Note 12).
- (v) The Company issued 545,171 common shares valued at \$1,799 in connection with the renegotiation of the convertible debenture A (Note 13).
- (vi) On June 3, 2024, the Company completed a non-brokered private placement consisting of 938,562 units at a price of \$2.55 per unit. Each unit consisted of a single common share and one-half of a common share purchase warrant. The Company received gross proceeds of \$687 and offset \$1,706 of existing liabilities, including \$600 of principal of convertible debenture A (Note 13). The Company issued 938,562 common shares valued at \$1,951 and 474,613 (including finder's warrants) warrants valued at \$422 (Note 16.c). The Company incurred \$20 in transaction costs and issued 5,333 finder's warrants valued at \$8 (Note 16.c).
- (vii) The Company entered into a cultivar supply agreement. Under the agreement, the Company issued 150,000 common shares to be held in escrow and 36,190 shares were returned to escrow (Note 16.b). As of November 30, 2024, this resulted in an increase in share capital of \$180. The shares issued are accounted for as equity-settled share-based payments with non-employees under IFRS 2.
- (viii) The Company issued 1,300,000 warrants valued at \$226 (Note 16.c.) and recognized a conversion feature relating to convertible debenture B (Note 15) valued at \$226. The warrants were initially measured at fair value and not subsequently remeasured. The residual value after fair valuing the debt and warrants was then allocated to the conversion feature.

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(b) Escrow shares

On March 12, 2024, the Company entered into a cultivar supply agreement. Under the agreement, the supplier will provide the Company with cultivars on an exclusive basis until December 15, 2026, in exchange for 150,000 common shares. Common shares were issued in two tranches of 75,000 common shares each.

Under the first tranche:

- (i) 33,333 common shares issued before being released on July 19, 2024
- (ii) 20,833 common shares issued and were held in escrow until August 15, 2024, before release; and
- (iii) 20,834 common shares issued and will be held in escrow until December 15, 2024.

The second tranche of 75,000 common shares issued will be held in escrow and released conditional on testing of the cultivars for commercialization.

In relation to this agreement, 36,190 common shares previously held in escrow were returned to treasury.

As of November 30, 2025, the Company has 11,407,934 issued common shares, with nil common shares being held in escrow.

(c) Share purchase warrants

Share purchase warrants (“warrants”) transactions are summarized as follows:

| | Number of share purchase warrants | Weighted average exercise price |
|------------------------------------|-----------------------------------|---------------------------------|
| Balance – November 30, 2023 | 1,452,208 | \$24.90 |
| Granted | 1,820,446 | 3.27 |
| Expired | (1,227,208) | 26.86 |
| Balance – November 30, 2024 | 2,045,446 | \$4.47 |
| Granted | 1,425,000 | 1.60 |
| Expired | (166,667) | 15.00 |
| Cancelled | (1,300,000) | 3.00 |
| Balance – November 30, 2025 | 2,003,779 | \$2.51 |

In the year ended November 30, 2024, in connection with convertible debenture A (Note 13), the Company issued 45,833 warrants, equity instruments, to the lenders. Each warrant entitles the holder thereof to purchase one common share of the Company at an exercise price of \$7.50 per share. The assessed fair value at grant date of warrants granted was \$32. Fair value inputs to the warrants were an exercise price of \$7.50, measurement date price of \$3.30, volatility of 75.92%, risk-free rate of 4.19% and an expiry date of February 23, 2026. The fair value of the warrants was calculated using the Black-Scholes option pricing model. Warrants are not subsequently measured.

In the year ended November 30, 2024, in connection with the private placement (Note 16.a), the Company issued 474,613 warrants including 5,333 warrants issued for transaction fees. Each warrant entitles the holder thereof to purchase one common share of the company at an exercise price of \$3.60 per share. The assessed fair value at grant date of warrants granted was \$422. Fair value inputs to the warrants were an exercise price of \$3.60, measurement date price of \$2.10, volatility of 76.51%, risk-free rate of 3.17% and an expiry date of June 3, 2027. The fair value of the warrants was calculated using the Black-Scholes option pricing model. Warrants are not subsequently measured.

In the year ended November 30, 2024, in connection with convertible debenture B (Note 15), the Company issued 1,300,000 warrants, equity instruments, to the lenders. Each warrant entitles the holder thereof to purchase one common share of the company at an exercise price of \$3 per share. The assessed fair value at grant date of warrants granted was \$266. Fair value inputs to the warrants were an exercise price of \$3, measurement date price of \$1.65, volatility of 33.53%, risk-free rate of 3.22% and an expiry date of July 26, 2028. The fair value of the warrants was calculated using the Black-Scholes option pricing model. Warrants are not subsequently measured.

In the year ended November 30, 2025, in connection with convertible debenture B repricing amendment (Note 15), the Company cancelled and reissued 1,300,000 warrants, to the lenders. Each warrant entitles the holder thereof to purchase one common share of the company at an exercise price of \$1.75 per share. The assessed fair value at grant date of warrants granted was \$0.31. Fair value inputs to the warrants were an exercise price of \$1.75, measurement date price of \$0.82,

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volatility of 85.25%, risk-free rate of 2.64% and an expiry date of July 26, 2028. The fair value of the warrants was calculated using the Black-Scholes option pricing model. Warrants are not subsequently measured.

In the year ended November 30, 2025, in connection with a legal settlement (Note 22), the Company issued 125,000 warrants, equity instruments, to the plaintiffs. Each warrant entitles the holder thereof to purchase one common share of the company at an exercise price of \$1 per share. The assessed fair value at grant date of warrants granted was \$63. Fair value inputs to the warrants were an exercise price of \$1, measurement date price of \$0.92, volatility of 87.21%, risk-free rate of 2.46% and an expiry date of October 1, 2028.

The weighted average outstanding life of warrants outstanding as at November 30, 2025, is 2.28 years (November 30, 2024: 3.03 years).

As at November 30, 2025 the following share purchase warrants were outstanding:

| Number of share purchase warrants | Exercise price per share | Expiry date |
|-----------------------------------|--------------------------|--------------------|
| 45,833 | \$7.50 | February 23, 2026 |
| 58,333 | \$9.00 | July 14, 2026 |
| 474,613 | \$3.60 | June 3, 2027 |
| 1,300,000 | \$1.75 | July 26, 2028 |
| 125,000 | \$1.00 | September 28, 2028 |
| 2,003,779 | | |

17 Stock-based compensation

The Company has adopted a long term incentive plan (the "**Plan**") to grant options to directors, officers, employees and consultants. Under the Plan, the Company may grant RSUs, DSUs and all other security-based compensation arrangements that shall not exceed 20% of the total number of issued common shares of the Company (calculated on a non-diluted basis) at the time an option is granted.

(a) Stock options

Stock options granted can have a term of up to ten years and an exercise price typically not less than the Company's closing stock price on the TSX on the last trading day before the date of grant. Vesting is determined at the discretion of the Board.

Stock option transactions are summarized as follows:

| | Number of shares | Weighted average exercise price |
|------------------------------------|------------------|---------------------------------|
| Balance – November 30, 2023 | 535,704 | \$6.90 |
| Expired/cancelled | (66,250) | 9.91 |
| Balance – November 30, 2024 | 469,454 | \$6.48 |
| Cancelled | (300,787) | 5.58 |
| Expired | (168,667) | 8.08 |
| Balance – November 30, 2025 | - | \$- |

The weighted average outstanding life of stock options outstanding as at November 30, 2025 is nil years (November 30, 2024: 0.84 years).

As at November 30, 2025, no stock options were outstanding.

(b) Share-based payments

During the year ended November 30, 2025, the Company recorded share-based payment expense of \$909 (November 30, 2024: \$761).

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The share-based payments represent the fair value of restricted and deferred stock units vested during year ended November 30, 2025, and are estimated on the grant date using the Black-Scholes option pricing model. The share-based payments also consist of common shares issued for services during the year.

(c) Restricted Stock Units and Deferred Stock Units

RSUs and DSUs are granted to the Company's directors, officers, and employees as a part of compensation under the terms of the Company's deferred and restricted share unit plans. Each RSU and DSU entitles the participant to receive the value of one common share.

The number of RSUs and DSUs awarded and underlying vesting conditions are determined by the Board at its discretion. RSUs and DSUs are accounted for as equity-settled share-based payments and are valued using the share price of the common share on the grant date. Since the Company controls the settlement, the RSUs and DSUs are considered equity settled.

RSU and DSU transactions are summarized as follows:

| | Number of RSUs and DSUs | Weighted average issue price |
|------------------------------------|-------------------------|------------------------------|
| Balance – November 30, 2023 | 123,190 | \$9.00 |
| Granted | 423,500 | 3.13 |
| Vested and released | (317,355) | 3.83 |
| Forfeited | (6,482) | 5.40 |
| Balance – November 30, 2024 | 222,853 | \$5.31 |
| Granted | 875,644 | 1.12 |
| Vested and released | (168,642) | 0.80 |
| Forfeited | (24,167) | 3.00 |
| Balance – November 30, 2025 | 905,688 | \$2.16 |

The weighted average outstanding life of RSUs outstanding as at November 30, 2024, is 1.23 years. Share-based payments included \$906 of RSU and DSU expense. RSUs and DSUs generally vest in tranches across a twelve-month period.

As at November 30, 2025, the following RSUs and DSUs were outstanding:

| Number of RSUs and DSUs | Grant date | Vesting Date |
|-------------------------|-------------------|---|
| 10,606 | February 23, 2024 | Mar. 1, 2026, Mar. 1, 2027 |
| 4,762 | July 5, 2024 | Jun. 22, 2025, Jun. 22, 2026 |
| 13,333 | August 6, 2024 | Aug. 6, 2025, Aug. 6, 2026, Aug. 6, 2027 |
| 193,750 | March 10, 2025 | Mar. 3, 2027 |
| 53,123 | March 1, 2022 | Mar. 1, 2022, Jun. 1, 2022, Sep. 1, 2022, Dec. 1, 2022, Mar. 1, 2023 |
| 19,444 | January 9, 2023 | Apr. 14, 2023, Jul. 15, 2023, Oct. 15, 2023, Feb. 28, 2024 |
| 24,242 | July 29, 2024 | Sep. 5, 2023, Dec. 5, 2023, Feb. 23, 2024, Mar. 5, 2024, Apr. 23, 2024, Jun. 5, 2024, Jul. 29, 2024, Aug. 23, 2024, Sep. 23, 2024 |
| 571,428 | March 3, 2025 | Mar. 3, 2025 |
| 15,000 | June 2, 2025 | Jun. 2, 2026, Jun. 2, 2027, Jun. 2, 2028 |
| 905,688 | | |

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18 Net revenue

The Company's total net revenues can be found below.

| | November 30, 2025 | November 30, 2024 |
|--|-------------------|-------------------|
| Recreational revenue | \$15,001 | \$12,690 |
| Provision for sales returns and allowances | (200) | (200) |
| Net recreational revenue | \$14,801 | \$12,490 |
| Domestic wholesale revenue | 5,337 | 3,325 |
| Export wholesale revenue | 15,488 | 19,393 |
| Medical revenue | 46 | 83 |
| Management fees and other revenue | 223 | 512 |
| Total | \$35,895 | \$35,803 |

19 Related party transactions

Key management compensation

All transactions with related parties have occurred in the normal course of operations. Key management is comprised of directors and executive officers.

Key management compensation for the year ended November 30, 2025 and 2024 consists of the following:

| | November 30, 2025 | November 30, 2024 |
|----------------------|-------------------|-------------------|
| Salaries and wages | \$519 | \$857 |
| Director fees | 161 | 186 |
| Share-based payments | 744 | 396 |
| Total | \$1,424 | \$1,439 |

On January 24, 2024, the Company issued 53,571 common shares with a fair value of \$225 to one of its officers to settle bonus payable.

Certain key management personnel services are provided by a third party. The Company incurred \$180 for the year ended November 30, 2025 (November 30, 2024: \$174) for the provision of key management personnel services provided by the third party.

Related party balances

As at November 30, 2025, due to related party payable included \$167 (November 30, 2024: \$143) due to directors of the Company in connection with accrued directors' fees and \$865 (November 30, 2024: \$325) due to officers of the company in connection with accrued compensation. Both of these balances are unsecured with no associated guarantees and no fixed repayment date.

Related party transactions

During the year ended November 30, 2017, the Company entered into a share purchase agreement to purchase 100% interest in GBP. The entity was under common control of two members of the Company's management team. Certain milestones within these agreements remain outstanding and are disclosed under Note 22.

On January 31, 2024, the Company entered into a loan agreement with a related party in the amount of \$150. The loan bore interest at a rate of 8.5% per annum and was due on demand. The loan was paid back on February 22, 2024.

On May 8, 2024, the Company entered into a loan agreement with a related party in the amount of \$200. The loan is repayable on demand. The loan bore interest at a rate of 8.5% per annum and was fully repaid by the Company on July 29, 2024.

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On June 3, 2024, the Company closed a private placement (Note 16.a), of which part proceeds were used to settle accounts payable and accrued liabilities due to directors of the Company in connection with directors' fees and executive officers' compensation in the amount of \$318. Related parties also contributed \$47 in cash through the private placement.

On December 5, 2024, due from related party receivable included a loan made to a related party the Company issued \$100 as part of a short-term loan agreement to a related party. Additional tranches of \$20 and \$10 were advanced on October 28, 2025 and November 21, 2025 respectively. The loan bears interest at 8.5%. The loan has no associated guarantee nor fixed repayment date. The loan has incurred interest income of \$9.

20 Financial instruments

a) Summary

The Company's financial instruments consist of cash, trade and other receivables, marketable securities, accounts payable and accrued liabilities, promissory note, secured credit facility and convertible debentures. The Company is exposed to certain financial risks such as credit risk, currency risk, liquidity risk and maturity risk.

i) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and trade and other receivables. At present, the Company holds its cash in Canadian chartered banks and will only consider investment of excess cash in highly rated government and corporate debt securities or guaranteed certificates from Canadian chartered banks. Approximately 29% of the Company's trade receivable balance at November 30, 2025, is due from governmental agencies. Subsequent to year-end, the Company has collected 100% of the government agency receivable balance. The other portion of the trade receivable balance is from different parties, the majority of which are international businesses with which the Company has established relations. The Company has policies in place to manage credit risk including monitoring credit limits for customers taking into account factors such as projected purchase value, credit worthiness of the customer and historical payment performance. The Company does not have a history of inability to collect on its trade accounts receivable, and all balances due at November 30, 2025, are considered collectible.

As at November 30, 2025, the Company's exposure is the carrying value of the financial instruments. The Company's maximum exposure to credit risk is the carrying value of its financial assets.

ii) Currency risk

The Company operates primarily in Canadian dollars and as such, is not affected by the fluctuations of the Canadian dollar with other currencies.

iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board considers securing additional funds through issuances of equity and debt or partnering transactions. The Board approves any material transactions outside the ordinary course of business. Management regularly reviews the Company's operating and capital budgets and maintains short-term cash flow forecasts.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable and debt facilities.

iv) Maturity risk

Typically, the Company targets that it has sufficient cash on hand to meet expected operational expenses and commitments for a period of 90 days. To achieve this objective, the Company prepares annual operating and capital expenditure budgets, which are regularly monitored and updated as considered necessary.

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The following table summarizes the maturities of the Company's financial liabilities as at November 30, 2025, based on the undiscounted contractual cash flows:

| | Carrying value | Contractual cash flows | < 1 year | 1 - 5 years | >5 years |
|--|-----------------|------------------------|-----------------|----------------|-----------------|
| Accounts payable and accrued liabilities | \$8,002 | \$8,002 | \$8,002 | \$- | \$- |
| Lease liabilities | 11,405 | 21,769 | 1,299 | 5,469 | 15,001 |
| Secured credit facility | 1,182 | 1,270 | 1,270 | - | - |
| Convertible debenture B | 2,720 | 3,396 | 1,231 | 2,165 | - |
| Total | \$23,309 | \$34,437 | \$11,802 | \$7,634 | \$15,001 |

b) Interest rate risk

Current financial assets and financial liabilities are generally not exposed to interest rate risk as they are all based on fixed interest rates. Sensitivity analysis has not been presented as the Company currently has no significant exposure in its operations to interest rate or currency exchange rate fluctuations as the Company's interest-bearing liabilities have fixed interest rate.

c) Fair value classification of financial instruments

Fair value measurement is based on a fair value hierarchy, which requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are:

Level 1 - measurement based on quoted prices (unadjusted) observed in active markets for identical assets and liabilities.

Level 2 - measurement based on inputs other than quoted prices included in Level 1, that are observable for the asset and liability.

Level 3 - measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

Below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

| | Amortized cost | Fair Value |
|-------------------------|----------------|------------|
| Liabilities | | |
| Convertible debenture B | \$2,720 | \$- |
| Secured credit facility | 1,182 | - |

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21 Income tax

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

| | 2025 | 2024 |
|---|-----------|-----------|
| Canadian statutory income tax rate | 23 to 27% | 23 to 27% |
| Income tax (recovery) at statutory rate | \$(2,397) | \$(6,995) |
| Permanent differences and others | 260 | 1,832 |
| Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses | 543 | (987) |
| Change in unrecognized deferred income tax assets | 1,558 | 2,872 |
| Current income tax expense (recovery) | \$(36) | \$(1,779) |
| Deferred income tax expense (recovery) | \$- | \$(1,499) |

The significant components of deferred income tax assets and liabilities are as follows:

| | 2025 | 2024 |
|--|------------|------------|
| Non-capital losses | \$18,338 | \$24,488 |
| Biological assets and inventory | 3,182 | 3,535 |
| Capital assets | 3,273 | 2,204 |
| Intangible assets | (268) | (372) |
| Share issuance costs | - | 84 |
| Right-of-use asset | (1,439) | (1,700) |
| Lease liability | 1,725 | 1,914 |
| Unrecognized deferred income tax assets | (24,811) | (30,153) |
| Net deferred income tax liability | \$- | \$- |

As at November 30, 2025, the Company has non-capital losses carried forward of approximately \$82,902 (November 30, 2024: \$91,052), which are available to offset future years' taxable income. These losses include the losses acquired through the acquisitions and expire as follows:

| | |
|------|---------|
| 2037 | \$13 |
| 2038 | 23 |
| 2039 | 24,684 |
| 2040 | 12,138 |
| 2041 | 21,461 |
| 2042 | 10,847 |
| 2043 | 452 |
| 2044 | 4,550 |
| 2045 | \$8,734 |

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22 Commitments and contingencies

From time to time, the Company is engaged in various legal proceedings and claims that have arisen in the normal course of business. The following table summarizes the legal provision outstanding as at November 30, 2025:

| | |
|---|--------------|
| Legal provision balance, November 30, 2023 | \$100 |
| Legal provision accrued | 900 |
| Legal provision balance, November 30, 2024 | \$1,000 |
| Legal provision accrued | 212 |
| Legal settlement | (1,112) |
| Legal provision balance, November 30, 2025 | \$100 |

The outcome of all the proceedings and claims against the Company is subject to future resolution, including the uncertainties of litigation. Management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company. As at November 30, 2025, the Company has accrued a provision of \$100 related to certain legal proceedings for which the outflow of resources is probable.

During the year ended November 30, 2025, the Company accrued an additional \$212 for legal provision. The Company recognized legal provision of \$1,112 in relation to lawsuits resolved during the year.

Additionally, the Company may enter into contracts for services in the normal course of operations. The Company's current contractual commitments vary in terms and can be terminated upon sufficient notice. The Company has the following outstanding commitments based on achieving certain milestones.

GBP commitment

As at November 30, 2025, in connection with a previously completed asset acquisition, the Company has committed to issue common shares at a deemed subscription price equal to the greater of the ten day volume weighted average trading price or \$30 per common share. The total contingency is valued at \$2,500 based on the following events:

| Trigger event | |
|--|----------------|
| Completion of GBP construction of a Health Canada approved cannabis production facility in compliance with the CA&R | \$500 |
| GBP obtaining a license to sell cannabis under the CA&R | 500 |
| GBP having sold an aggregate of 3,000 kg of dried cannabis | 750 |
| GBP completing construction of an expansion to its production facility to increase production by at least 8,500 kg per annum and receiving an amendment to its production and sales licences | 750 |
| | \$2,500 |

23 Comparative figures

Change in presentation of expenses

The Company reclassified a portion of expenses previously presented as Consulting fees into Brokerage and commission fees to more accurately reflect the nature of the expenses incurred.

For the twelve months ended November 30, 2024, \$171 was reclassified from Consulting fees to Brokerage and commission fees.

This reclassification reflects changes in the Company's business activities and cost structure, thereby improving comparability between periods. The reclassification has no impact on total operating expenses, profit or loss, cash flows, assets, or liabilities.

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24 Subsequent events

On December 5, 2025, the Company entered into an agreement with a government agency to receive \$2 million to improve lighting efficiency at Flowr Okanagan.

On December 22, 2025, an additional tranche of \$20 was advanced to a related party. The loan bears interest at a rate of 8.5% per annum and is due on demand. The loan is unsecured and has no fixed repayment date.